

# SENATE BILL REPORT

## SB 5618

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As of February 5, 2019

**Title:** An act relating to public works bid limits.

**Brief Description:** Concerning public works bid limits.

**Sponsors:** Senator Wagoner.

**Brief History:**

**Committee Activity:** Local Government: 2/05/19.

### Brief Summary of Bill

- Increases the small works roster process project cost threshold.
- Increases the public works contract project cost thresholds for second-class cities and towns.
- Requires the Office of Financial Management to adjust dollar amounts for the small works roster process and contracting thresholds for second-class cities and towns every five years, beginning 2024.

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### SENATE COMMITTEE ON LOCAL GOVERNMENT

**Staff:** Bonnie Kim (786-7316)

**Background:** Small Works Roster. State agencies and local governments may create a small works roster of contractors for certain work estimated to cost \$300,000 or less. Bids may be solicited from contractors on the appropriate small works roster to assure that a competitive price is established and to award contracts to the lowest responsible bidder. However, if the estimated cost of the work is from \$150,000 to \$300,000, a state agency or local government that chooses to solicit bids from less than all the appropriate contractors on the appropriate small works roster must also notify the remaining contractors on the appropriate small works roster that quotations on the work are being sought. Notice may be given by newspaper, mail, or electronically.

Second-Class City or Town—Public Works. A second-class city or town may contract for public works without a competitive bidding process if:

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- the estimated cost is \$65,000 or less and involves more than one craft or trade;
- the estimated cost is \$40,000 or less and involves a single craft or trade; or
- the public works is street signalization or street lighting.

All other public works contracts must be entered into following either a competitive bidding process or the small works roster process.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Proposed Substitute):** Small Works Roster. State agencies and local governments may use the small works roster process for projects estimated to cost \$500,000 or less. Governments may choose to solicit bids from less than all the appropriate contracts on an appropriate small works roster for projects estimated to cost between \$150,000 and \$500,000.

Second-Class City or Town—Public Works. A second-class city or town may contract for public works without a competitive bidding process if:

- the estimated cost is \$116,155 or less and involves more than one craft or trade;
- the estimated cost is \$75,500 or less and involves a single craft or trade; or
- the public works is street signalization or street lighting.

Inflation Adjustments. The Office of Financial Management (OFM) must adjust the dollar amounts for the small works roster process and bid thresholds for second-class cities or towns every five years, beginning July 1, 2024. Adjustments must be based on the percentage change in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States as published by the Bureau of Economic Analysis of the federal Department of Commerce during the previous five-year period.

OFM must notify the appropriate standing committees of the Legislature of the new dollar thresholds upon each adjustment. Unless the Legislature acts to change or otherwise alter the new dollar amounts, they will take effect at the end of the regular legislative session in the next year.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Proposed Substitute:** PRO: This bill was a constituent request to adjust dollar amounts that have not been increased in over a decade. Smaller jurisdictions cannot find contractors to bid on low-cost projects. Cities and towns have highly trained technical employees who can perform public works projects that exceed estimated costs as written in statute today. It often costs much more to put a project out to competitive bid than self-perform public works. Our employees are able to perform maintenance and improvement works efficiently and cost-effectively. The purpose of

competitive bidding is for the benefit of taxpayers rather than the bidders. The private sector is not interested in bidding on many of our smaller maintenance or improvement projects. This bill is important for creating flexibility for cities.

CON: There are 17 bid bills this session covering a wide breadth of districts and municipalities. We recommend these bills be studied before increasing bid limits.

**Persons Testifying:** PRO: Senator Keith Wagoner, Prime Sponsor; Julia Johnson, Mayor, City of Sedro-Woolley; Eron Berg, City Supervisor, City of Sedro-Woolley; Steve Sexton, Mayor, City of Burlington; Jill Boudreau, Mayor, City of Mount Vernon; Scott Thomas, Town Administrator, La Conner; Candice Bock, Association of Washington Cities.

CON: Michael Transue, Mechanical Contractors Association of Western Washington.

**Persons Signed In To Testify But Not Testifying:** No one.